

Message Text

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E.O. 11652: N/A

TAGS: EINV EMIN MU

SUBJECT: TRADE AND INVESTMENT OPPORTUNITY: OMANGOV PLANS TO
DEVELOP COPPER MINING

1. DURING DISCUSSION BY EMBOFF AT HIS INITIATIVE WITH ISMAIL EL-BOUSHI OF THE MINISTRY OF AGRICULTURE, FISHERIES, PETROLEUM AND MINERALS, WE LEARNED THAT OMANGOV HAS DECIDED TO GIVE HIGH PRIORITY TO DEVELOPMENT OF COPPER MINING. OMANGOV NOW PLANS TO START DEVELOPING 3 MINES NEAR SOHAR AND TO BUILD ASSOCIATED ORE PROCESSING FACILITIES. EL-BOUSHI SAID THAT FINAL CONTRACTS HAVE NOT YET BEEN NEGOTIATED, BUT OMANIS HOPE THAT WORK WILL START WITHIN NEXT 6 MONTHS.

2. AS WE HAVE PREVIOUSLY REPORTED TO DEPT, NORTHERN OMAN MOUNTAINS CONTAIN SIGNIFICANT DEPOSITS OF COPPER ORE AND OTHER MINERALS WHICH CAN BE PRODUCED COMMERCIALY. ORE DEPOSITS CONFIRMED THUS FAR HAVE AT LEAST 2 PERCENT COPPER CONTENT. PRELIMINARY SURVEYS AND EXPLORATION BY USGS AND PROSPECTION LTD. OF CANADA HAVE ESTABLISHED NUMBER OF SITES WITH COPPER ORE, BUT BEST LOCATION SEEMS TO BE 3 AREAS WEST OF SOHAR. GEOLOGISTS BELIEVE THAT DEPOSITS TOTAL AT LEAST 20 MILLION TONS AND PROBABLY MUCH HIGHER. (CONFIRMED DEPOSITS ARE 10 TO 11 MILLION TONS.) OMANGOV WOULD LIKE TO PROCESS AND EXPORT REFINED COPPER RATHER THAN ORE CONCENTRATE, ALTHOUGH VIABLE SMELTER WOULD REQUIRE AGGREGATE DEPOSITS OF OVER 50 MILLION TONS.

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3. IN ACCORDANCE WITH POLICY OF SEEKING REVENUE-GENERATING

PROJECTS, OMANGOV NOW SEEKS TO DEVELOP COPPER MINING AS RAPIDLY AS POSSIBLE. EL-BOUSHI EMPHASIZED THAT OMANGOV WANTED TO INVITE BIDS FOR CONSTRUCTION OF ORE CRUSHER AND CONCENTRATE HANDLING FACILITY AND WAS CONSIDERING BUILDING A SMALL SMELTER. TRADE OPPORTUNITY FOR AMERICAN FIRMS WOULD CONSIST OF EXPORT OF MINING EQUIPMENT AND IN CONSTRUCTION PROJECTS. EL-BOUSHI ALSO ENCOURAGES U.S. COMPANIES TO ENTER INTO JOINT VENTURES FOR DEVELOPING MINES, PROCESSING PLANTS AND SMELTERS. HE ESTIMATED VALUE OF INITIAL WORK AT APPROXIMATELY \$100 TO \$150 MILLION. FOLLOW-ON DEVELOPMENT WOULD INCLUDE CONSTRUCTION OF PORT AT SOHAR AND (POSSIBLY) BUILDING SMALL RAILWAY FROM MINES TO SOFAR PORT.

4. INITIAL EXPLORATION WORK HAS BEEN PERFORMED BY PROSPECTION LTD. OF CANADA WITH MOST FINANCING PROVIDED BY DOUGLAS MARSHALL OF HOUSTON, TEXAS. OMANGOV OWNS 51 PERCENT OF THIS JOINT VENTURE. EL-BOUSHI NOTED THAT MARSHALL WOULD NEED ASSISTANCE FROM MAJOR MINING FIRMS IN ORDER TO DEVELOP MINES FOR COMMERCIAL EXPLOITATION, AND HE ENCOURAGED AMERICAN FIRMS TO CONTACT MINISTRY AS SOON AS POSSIBLE.

5. ACTION REQUESTED: DEPT AND USDOC DISCUSS PROJECT PROPOSAL WITH AMERICAN MINING AND CONSTRUCTION COMPANIES WHO MIGHT WISH TO PARTICIPATE. ONE SUCH CANDIDATE, NEWMONT MINING COMPANY OF 300 PARK AVE, NY, NY 10022, HAS ALREADY CORRESPONDED SEVERAL TIMES WITH EMBASSY ON COPPER MINING IN OMAN AND HAS KEPT IN TOUCH WITH MARSHALL AND PROSPECTION LTD. WE RECOMMEND THAT INTERESTED COMPANIES GET IN DIRECT CONTACT WITH DR. ISMAIL EL-BOUSHI, MINERALS ADVISER, MINISTRY OF AGRICULTURE, FISHERIES, PETROLEUM AND MINERALS, P.O. BOX 551, MUSCAT, SULTANATE OF OMAN; CABLES: PLANDEV; TELEX: 280 PLANDEV MB, MUSCAT.
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